

## Message Text

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ACTION XMB-07

INFO OCT-01 AF-10 ADP-00 EB-11 COME-00 AID-20 TRSE-00

OMB-01 L-03 FAA-00 DOTE-00 CIAE-00 INR-10 NSAE-00

RSC-01 MC-02 RSR-01 /067 W  
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R 241403 Z APR 73

FM AMEMBASSY KINSHASA  
TO SECSTATE WASHDC 3041

C O N F I D E N T I A L KINSHASA 3356

ALSO FOR PRESIDENT KEARNS EXIMBANK FROM AMB VANCE

E. O. 11652: GDS

TAGS: ETRD, ETRN, EFIN

SUBJ: GOZ REQUEST FOR EXIM BANK FINANCING OF COMMERCIAL AIRCRAFT

REF: KINSHASA 2614 AND 2769

1. EMBASSY TRANSMITTING BY SEPTTEL ENGLISH TRANSLATION OF TELEGRAM SENT TODAY TO EXIM BANK BY COMMISSIONER OF TRANSPORT EKETEBI CONSTITUTING REVISED APPLICATION FOR FINANCING BY GOVT OF ZAIRE ( NOW CALLED NATIONAL EXECUTIVE COUNCIL) FOR NEW COMMERCIAL AIRCRAFT. AS REQUESTED BY EXIM GOZ HAS MODIFIED ITS APPLICATION FOR FINANCING TO STAY WITHIN TOTAL OF APPROXIMATELY \$75 MILLION WHICH EXIM HAS INFORMED GOZ IS MAXIMUM IT PREPARED CURRENTLY TO FINANCE.

2. AFTER MUCH DISCUSSION AND CAREFUL CONSIDERATION PRES MOBUTU AND GOVT HAVE DECIDED SEEK THIS FINANCING TO COVER THOSE NEW AIRCRAFT WHICH WILL BE DELIVERED WITHIN NEXT 12 MONTHS, THAT IS, ONE DC-10 TO BE DELIVERED IN JUNE 1973 , ONE BOEING 747 IN NOVEMBER 1973, AND TWO BOEING 737 S TO BE DELIVERED IN NOVEMBER 1973 AND APRIL 1974. IN THE TELEGRAM THEY ALSO URGE EXIM TO AGREE TO SMALL EXTENSION THIS TOTAL TO PERMIT ALSO FINANCING OF A THIRD BTEING 737 TO BE  
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DELIVERED IN MAY 1974. THEY ALSO WISH PURCHASE A SECOND DC-10 TO BE DELIVERED IN JUNE 1974, TO COMPLETE THEIR MODERNIZATION PROGRAM, BUT WITH GREAT REGRET WILL APPROACH FINANCING THIS AIRCRAFT AT A LATER DATE EITHER AS SECOND TRANCHE EXIM FINANCING OR VIAYS HAVE APPARENTLY BECOME PERMANENT INCREASES. THE INDEX TO DATE THIS YEAR HAS INCREASED 9.2 PERCENT (7.8 PERCENT FOR FOOD ITEMS AND 13.2 PERCENT FOR NON-FOOD ITEMS) AND IS 24.2 PERCENT ABOVE A YEAR AGO (23 PERCENT FOR FOOD ITEMS AND 27.4 PERCENT FOR NON-FOOD ITEMS).

B. BLACK MARKET CURRENCY AND GOLD RATES

BLACK MARKET CURRENCY RATES CONTINUED TO DROP SHARPLY AND ARE NOW ONLY TWO AND THREE PERCENT ABOVE THE LEGAL EXCHANGE RATE. THE QUOTE FOR \$10 GREEN IS DOWN TO 485 AS OF APRIL 28 AND \$100 GREEN TO 490. REPORTS CONTINUE TO INDICATE VIRTUALLY NO BLACK MARKET CURRENCY ACTIVITY. THE HK\$/VN\$ CROSSRATE WITH HK\$/US\$ DECLINED FURTHER TO 515 FROM 539 APRIL 7 AND 520 APRIL 14 AS IT CONTINUED TO SHAKE OUT ITS OWN ADJUSTMENT TO THE HONG KONG DOLLAR REVALUATION VIS A VIS THE U. S. DOLLAR LAST MONTH. THE PRICE OF GOLD STAYED AT 45,500 PER TAEI. AT THE CURRENT LEGAL EXCHANGE RATE THIS IS US\$79.45 PER TROY OUNCE WHICH COMPARES WITH A HONG KONG QUOTE OF US\$90.18 ON APRIL 21. USING THE BLACK MARKET RATE FOR \$100 GREEN THE PRICE OF GOLD IN SAIGON WOULD DROP TO \$ US77.01, US\$ 13.17 BELOW THE HONG KONG QUOTE.

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C. TIN NGHIA BANK CLOSING

GIN NGHIA, THE LARGEST PRIVATE BANK IN VIETNAM WITH SOME 24 BILLION PIASTERS IN DEPOSITS WAS TAKEN OVER BY THE NATIONAL BANK ON SATURDAY, APRIL 21 A NATIONAL POLICE ACTING ON ORDERS FROM THE PRIME MINISTER SEIZED ALL BANK ASSETS AND RECORDS THROUGHOUT THE COUNTRY. IN NGHIA MAJOR SHAREHOLDER IS MR. NGUYEN TAN DOI, A MEMBER OF THE LOWER HOUSE AND PRESIDENT OF THE SAIGON CHAMBER OF COMMERCE. NATIONAL BANK INSPECTION OF TIN NGHIA'S RECORDS INDICATES THAT AS MUCH AS THREE BILLION PIASTERS OF THE BANKS' TEN BILLION LOAN PORTFOLIO HAD BEEN LENT TO BUSINESS CONCERNS OWNED OR CONTROLLED BY MR. DOI HIMSELF. PERSISTENT RUMORS OF IMPRUDENT MANAGEMENT IN THE BANK HAD BEEN CIRCULATING FOR SOME TIME. THE CLOSURE ON SATURDAY GAVE THE GOVERNMENT AT LEAST TWO DAYS TO PUBLICIZE WHAT HAD HAPPENED AND TO TAKE MEASURES DESIGNED TO PREVENT A LOSS OF CONFIDENCE IN THE VIETNAMESE BANKING SYSTEM. ALMOST SIMULTANEOUS WITH THE CLOSURE NATIONAL BANK OFFICIALS ANNOUNCED THAT THE NATIONAL BANK WOULD GUARANTEE 100 PERCENT OF ALL LEGAL DEPOSITS IN TIN NGHIA AND THAT DEPOSITORS COULD BEGIN WITHDRAWALS ON APRIL 30. THE QUICK ACTION OF THE GOVERNMENT COMBINED WITH WIDESPREAD PUBLICITY ABOUT THE WHOLE AFFAIR APPEARS TO HAVE AVERTED ANY IMMEDIATE CRISIS OF CONFIDENCE

IN THE BANKING SYSTEM. AS OF TUESDAY, APRIL 24, THERE WERE  
NO REPORTS OF EXCESSIVE WITHDRAWALS. A MORE IMMEDIATE PROBLEM  
IS A POTENTIAL SHORT TERM LIQUIDITY CRISIS RESULTING FROM THE  
TEMPORARY FREEZING OF ALL TIN NGHIA ASSETS. DEPOSITS IN  
TIN NGHIA ARE ROUGHLY ONE- EIGHT  
OF THE DEPOSITS HELD BY THE BANKING SYSTEM AS A WHOLE.  
BUNKER

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NMAFVVZCZ

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